

CITY OF NEWPORT BEACH

PLANNING DEPARTMENT

October 31, 2007

HOUSING POLICY DEVELOPMENT, HCD NOV 0 6 2007

Governors Office of Planning and Research State Clearinghouse and Planning Unit P.O. Box 3044 Sacramento, CA 95812-3044

To Whom It May Concern:

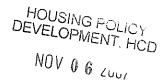
Please find the enclosed Housing Element Progress Report Addendum prepared pursuant to Government Code Section 65400 and the City of Newport Beach Housing Element. This report covers the gap period between the end of the 2006 Fiscal Year and the end of the 2006 calendar year. The Addendum has been reviewed by the Planning Commission and City Council at regularly scheduled meetings. If you have any questions, please contact me at (949) 644-3234.

Sincerely,

Brandon Nichols, Associate Planner

City of Newport Beach





CITY OF NEWPORT BEACH HOUSING ELEMENT PROGRESS REPORT ADDENDUM

July-December 2006

The Newport Beach Housing Element was adopted in July 2006. Since then, City staff has been diligent in their attempts to implement the Housing Element's goals and programs. This report evaluates these programs and outlines attempts made to pursue program and goal fulfillment.

California Government Code Section 65400 specifically mandates that this report provide the following information: (A) a review of the City's progress in fulfilling its share of the Regional Housing Needs Assessment; (B) a complete detailed status report on the implementation of each of the housing programs of the City's Housing Plan; and (C) a review of actions and programs adopted to remove or mitigate governmental constraints on the development of housing for all income levels.

A. PROGRESS IN MEETING REGIONAL HOUSING NEEDS (RHNA GOALS)

The Southern California Association of Governments (SCAG) prepared a Regional Housing Needs Assessment (RHNA) to identify the housing need for each jurisdiction within the SCAG region. SCAG, through the RHNA process, assigned Newport Beach a certain share of housing units that it should provide between the 1998 – 2005 planning period in an effort to satisfy housing needs resulting from the projected growth in the region. To accommodate projected growth in the region, SCAG estimated that the City needed to target its housing unit production to accommodate 476 new housing units.

With the annexation of Newport Coast in 2001, the City agreed to transfer 945 units from the Orange County Regional Housing Needs allocation to the Newport Coast area. This agreement was made since the Irvine Company committed to the County to fulfill its allocation. However, since the County is still responsible for issuing building permits for the area, the analysis on meeting the RHNA

allocation does not include the 945 Newport Coast units. Data from the County of Orange regarding the number of issued building permits is forthcoming.

Due to proposed changes in RHNA methodology, jurisdictions in the SCAG region did not receive new RHNA allocation numbers until July 2007. For the purposes of this report, the RHNA numbers contained in the adopted Housing Element (1998-2005 Planning Period numbers) are used. The City is currently working with HCD to certify the City's revised Housing Element and will also be updating the Housing Element to incorporate the new RHNA numbers and other statutory requirements.

The table below summarizes the need for housing, distributed by income, calculated through the RHNA process for the 1998-2005 Planning Period.

		TOTAL RHNA	CONSTRUCTION NEE 1998-2005	D BY INCOME
VERY LOW	Low	MODERATE	ABOVE MODERATE	TOTAL
86	53	83	254	476
18%	11%	17%	53%	100%

The City Building Department maintains a detailed Building Activity Report for each fiscal year. The report lists the total number of different types of construction permits issued, as well as the number of demolition permits issued. This data was used to create the following table illustrating the total number of new additional units that were permitted from 1998-2006.

TOTAL NUMBER OF NEW ADDITIONAL HOUSING UNITS PERMITTED 1998-2006				
FISCAL YEAR	NEW UNITS	DEMOLISHED UNITS	TOTAL ADDITIONAL UNITS	
1 st 6 MONTHS OF 1998	315	180	135	
1998-1999	1018	158	860	
1999-2000	742	258	484	
2000-2001	234	168	66	
2001-2002	159	130	29	
2002-2003	162	174	(-12)	
2003-2004	198	162	36	
2004-2005	329	170	159	
2005-2006*	233	221	12	
TOTAL	3390	1621	1769	

^{*}INCLUDES PERMITS ISSUED THROUGH THE END OF CALENDAR YEAR 2006

The City issued a total of 1,757 new additional residential building permits during the 1998-2005 RHNA period. This number well exceeds the total 476 units projected by SCAG. During the 2004-2005 reporting period the City issued 159 permits for new additional dwelling units. 120 of the new units are a result of building permits issued for the Bayview Landing Senior Affordable Housing Project. With the exception of one "manager's unit" all of the 120 units are designated for very low and low income seniors.

CITY'S PROGRESS IN MEETING IT'S SHARE OF THE REGIONAL HOUSING NEEDS ASSESSMENT DURING RHNA PERIOD 1998-2005				
INCOME CATEGORY	VERY LOW	Low	MODERATE	ABOVE MODERATE
PROJECTED NEED	86	53	83	254
TOTAL NEW UNITS PERMITTED (1/98-6/05)	24	95	0	1637
REMAINING NEED	62	0	83	0

B. HOUSING PROGRAM IMPLEMENTATION STATUS

GOAL F				
PROGRAM GOAL STATUS				
1.1.1	Improve housing quality and prevent deterioration of existing	On-going		
	neighborhoods by strictly enforcing building code regulations and abating code violations and nuisances.	The Uniform Housing Code is adopted and continually enforced by the Building Department and Code Enforcement Department.		
		The Water Quality and Code Enforcement Department continually administers an enforcement program to correct violations of municipal codes and land use requirements. A quarterly report on code		
		enforcement activities is kept on file at the City.		
1.1.2	Participate with the Orange County Housing Authority and Housing and Community Development Division in their administration of rehabilitation loans and grants for low- and moderate-income homeowners and rental property owners to encourage preservation of existing City housing stock.	On-going The City staff attends OCHA's City's Advisory Committee meetings to keep up to date on rehabilitation programs offered by the County.		
1.1.3	Require replacement of housing demolished within the Coastal Zone when housing is or has been occupied by very-low, low-, and moderate-income households within the preceding 12 months. The City shall prohibit demolition unless a Coastal Residential Development Permit has been issued. The specific provisions implementing replacement unit requirements are contained in the Municipal Code.	On-going Chapter 20.86 of the Zoning Code, "Low and Moderate Income Housing within the Coastal Zone," establishes the standards and requirements to implement this program.		

PROGRAM	GOAL	STATUS
2.1.1	Maintain rental opportunities by restricting conversions of rental units to condominiums unless the vacancy rate in Newport Beach for rental housing is an average 5 percent or higher for four (4) consecutive quarters, and unless the property owner complies with condominium conversion regulations contained in Chapter 20.83 of the Newport Beach Municipal Code.	On-going A vacancy rate survey i completed every quarte monitor consistency wit policy.
2.1.2	Take all feasible actions, through use of development agreements, expedited development review, and expedited processing of grading, building and other development permits, to ensure expedient construction and occupancy for projects approved with low- and moderate-income housing requirements.	On-going Planning staff continual evaluates all proposed affordable housing project potential incentives, incexpedient processing opermits. During the entitlement process, the Bayview L Senior Affordable House Project was granted a pentitlement fee waiver, expedited permit procesand entitlement assista
2.1.3	Participate with the County of Orange in the issuance of tax-exempt mortgage revenue bonds to facilitate and assist in financing, development and construction of housing affordable to low and moderate-income households.	On-Going The issuance of tax-exemortgage revenue bone project driven. The dev typically applies for the The City will encourage use of such bonds and affordable housing dev of their availability.

2.1.4 Conduct an annual compliance-On-Going monitoring program for units required to be occupied by very low-, The City retains a consulting low-, and moderate-income firm that provides an annual households. compliance monitoring report for the City's income qualified units. 2.2.1 Require a proportion of affordable On-going housing in new residential developments or levy an in-lieu fee. Staff continues to enforce the The City's goal over the five-year requirements for affordable planning period is for an average of housing and/or the payment of 15 percent of all new housing units in-lieu fees. In addition, the City has hired a consulting to be affordable to very low-, low-, and moderate-income households. firm that is in the process of The City shall either (a) require the determining an appropriate inpayment of an in-lieu fee, or lieu fee. The City is also in (b) require the preparation of an the process of drafting an Affordable Housing Implementation affordable housing ordinance Plan (AHIP) that specifies how the that will implement the requirements of Program development will meet the City's affordable housing goal, depending 2.2.1. on the following criteria for project size: 1. Projects of 50 or fewer units shall have the option of preparing an AHIP or paying the in-lieu fee. 2. Projects where more than 50 units are proposed shall be required to prepare an AHIP. Implementation of this program will occur in conjunction with City approval of any residential discretionary permits or Tentative Tract Maps. To insure compliance with the 15 percent affordability requirements, the City will include conditions in the approval of discretionary permits and Tentative

Tract Maps to require ongoing monitoring of those projects. (Imp.

2.1)

2.2.2	The City shall provide more assistance for projects that provide a higher number of affordable units or a greater level of affordability. At least 15 percent of units shall be affordable when assistance is provided from Community Development Block Grant funds or the City's in-lieu housing fund.	On-going The City will provide financial assistance based on a project by project analysis, depending on need and overall project merits. The City continues to participate in this Housing Program. The Bayview Landing Senior Affordable housing project received \$1 million dollars from the City's "in-lieu" housing fund reserves.
2.2.3	For new developments proposed in the Coastal Zone areas of the City, the City shall follow Government Code Section 65590 and Title 20.	On-going Staff continues to implement the provisions of Chapter 20.86 of the Zoning Code (Low and Moderate Income Housing within the Coastal Zone).
2.2.4	All required affordable units shall have restrictions to maintain their affordability for a minimum of 30 years.	Staff continues to include this affordability restriction as a standard condition on all affordable housing projects, unless an otherwise longer affordability covenant is agreed upon. A comprehensive affordable housing ordinance is currently being developed which will clearly specify all conditions for incentives, including the minimum affordability period of 30 years.

2.2.5	Advise existing landowners and prospective developers of affordable housing development opportunities available within the Banning Ranch, Airport Area, Newport Center, Mariners' Mile, West Newport Highway, and Balboa Peninsula areas.	On-going City staff continues to provide prospective developers with information on the City's available land and its incentive program. Development of a plan outlining incentives that implement General Plan goals is also part of the City's General Plan Implementation
2.2.6	Periodically contact known local developers and landowners to solicit new affordable housing construction.	Program (Imp 24.1) On-going The City Manager's Office and Community and Economic Development periodically discuss the construction of new affordable housing with
		local developers and landowners. City staff also introduces the idea of constructing affordable housing to developers who propose large residential projects and discuss density bonuses to assist in the construction of affordable housing.
2.2.7	Participate in other housing assistance programs that assist production of housing.	On-going City staff attends OCHA Cities Advisory Committee meetings to keep up-to-date with programs that assist in the production of housing. Staff will inform developers of programs that are available to assist in the production of housing for all income levels.

2.2.8	New developments which provide housing for lower income households that help meet regional needs shall have priority for the provision of available and future resources or services, including water and sewer supply and services.	Effective January 1, 2006, local governments are required provide a copy of the Housing Element to water and sewer service providers. The City has done this. Pursuant to state law, water and sewer providers must grant priority to developments that include housing units affordable to lower income households.
2.3.1	Study housing impacts of proposed major commercial/industrial projects during the development review process. Prior to project approval, a housing impact assessment shall be developed by the City with the active involvement of the developer. Such assessment shall indicate the magnitude of jobs to be created by the project, where housing opportunities are expected to be available, and what measures (public and private) are requisite, if any, to ensure an adequate supply of housing for the projected labor force of the project and for any restrictions on development due to the "Charter Section 423" initiative.	Staff is monitoring legal challenges to inclusionary housing requirements, and will research the idea of developing housing impact fees for all new commercial and industrial developments as an additional or alternative resource for providing affordable housing. Staff will monitor all new planning applications for applicability.

GOAL F					
PROGRAM GOAL STATUS					
3.1.1	Provide a streamlined "fast-track" development review process for proposed affordable housing developments.	On-going The City considers "fast track" development review incentives on a project-by-project basis. The City's General Plan Implementation Program encourages code amendments and the development of incentives that achieve General Plan goals. (Imp 2.1, Imp 24.1)			
3.1.2	When a residential developer agrees to construct housing for persons and families of very low, low and moderate income above mandated requirements, the City shall either (1) grant a density bonus as required by state law, or (2) provide other incentives of equivalent financial value.	On-going The City considers density bonuses and other incentives on a project by project basis.			
3.1.3	Review and consider in accordance with state law, the waiver of planning and park fees, and modification of development standards, (e.g., setbacks, lot coverage, etc.) at the discretion of City Council and Planning Commission for developments containing very low, low- and moderate-income housing in proportion to the number of low- and moderate-income units in each entire project.	On-going Waivers and incentives are considered by the Planning Commission and City Council on a project-by-project basis. The City's General Plan Implementation Program encourages code amendments and the development of incentives that achieve General Plan goals. (Imp 2.1, Imp 24.1)			

3.2.1	Identify the following sites as adequate, which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage development of a variety of housing types to meet City housing goals as identified pursuant to Government Code Section 65583(b): Banning Ranch, Airport Area, Newport Center, Mariners' Mile, and the Balboa Peninsula areas.	As part of the Housing Element certification process, the City is working with HCD to complete an adequate sites analysis. The analysis will ensure that sites are available to help achieve City housing goals.
3.2.2	Update Zoning Code to reflect housing opportunities provided in the Land Use Element.	Pending The City is in the process of updating its zoning code to reflect new housing opportunities created by the General Plan Update.
3.2.3	When requested by property owners, the City shall approve rezoning of developed or vacant property from non-residential to residential uses when appropriate. These rezoned properties shall be added to the list of sites for residential development.	On-going The City continually monitors requests for zone changes of vacant and developed properties from non-residential to residential and approves when determined to be compatible and feasible. When approved, these sites are mapped for residential uses on both the zoning district map and General Plan Land Use Map.

GOAL	44	
PROGRAM	GOAL	STATUS
4.1.1	Periodically contact owners of affordable units for those developments listed in Table H12 to obtain information regarding their plans for continuing affordability on their properties.	On-going Staff is currently updating the contact list for affordable units. A survey may be developed and sent out annually to each contact.
4.1.2	Consult with the property owners regarding utilizing CDBG funds and inlieu housing funds to maintain affordable housing opportunities in those developments listed in Table H12.	Pending Will be discussed during the AHTF meetings in conjunction with Program 2.2.7.
4.1.3	Prepare written communication for tenants and other interested parties about Orange County Housing Authority Section 8 opportunities to assist tenants and prospective tenants to acquire additional understanding of housing law and related policy issues.	Information pamphlets informing prospective tenants and landlords about the OCHA Section 8 program have been made available in the public lobby. In addition, information about the Section 8 program has been posted on the City website.
4.1.4	Investigate availability of federal, state, and local programs (including in-lieu funds) and pursue these programs if found feasible, for the preservation of existing low-income housing, especially for preservation of low-income housing that may increase to market rates during the next ten years. A list of these programs, including sources and funding amounts, will be identified as part of this program and maintained on an on-going basis.	Pending The City will investigate available programs and evaluate the feasibility of participating in such programs.

4.2.1	Investigate the use of federal funds to provide technical and financial assistance, if necessary, to all eligible homeowners and residential rental property owners to rehabilitate existing dwelling units through low-interest loans or potential loans, or grants to very low—, low- and moderate-income, owner-occupants of residential properties to rehabilitate existing units.	Pending The City will investigate available programs and evaluate the feasibility of participating in such programs.
4.2.2	In accordance with Government Code Section 65863.7, require a relocation impact report as a prerequisite for the closure or conversion of an existing mobile home park.	On-going City staff requires special permits for all proposed conversions of mobile home parks. Consistent with state law, a detailed relocation impact report is a requirement for the permit.
4.2.3	Should need arise, consider using a portion of its Community Development Block Grant funds for establishment and implementation of an emergency home repair program. Energy efficient products shall be required whenever appropriate.	Pending Staff will prepare a study to analyze whether or not a need for this program exists. If it is determined that a need exists, a program will be developed.
4.2.4	Participate as a member of the Orange County Housing Authority Advisory Committee and work in cooperation with the Orange County Housing Authority to provide Section 8 Rental Housing Assistance to residents of the community. The City shall, in cooperation with the Housing Authority, recommend and request use of modified fair market rent limits to increase number of housing units within the City that will be eligible to participate in the program. The Newport Beach Planning Department shall prepare and implement a	On-going City Staff regularly attends the quarterly meetings of the OCHA Cities Advisory Committee. In addition, staff continually works in cooperation with the County to provide Section 8 rental housing assistance to residents. Recently, the City worked with the OCHA to help

	publicity program to educate and encourage landlords within the City to rent their units to Section 8 Certificate holders and to make very low-income households aware of availability of the Section 8 Rental Housing Assistance Program.	disseminate information regarding the upcoming opening of the Section 8 waiting list. A link to the Orange County Housing Authority website has been placed on the City website to provide information on the Section 8 program.
4.2.5	Participate in a Joint Powers Authority of Orange County jurisdictions for the purpose of financing and administering a lease purchase program for first-time homebuyers.	Discontinued Indefinitely Due to potential legal conflicts, the lease purchase program has been discontinued indefinitely.

GOAL	15	
Program	GOAL	STATUS
5.1.1	Apply for United States Department of Urban Development Community Development Block Grant funds and allocate a portion of such funds to sub-recipients who provide shelter and other services for the homeless.	On-going The Action Plan for Fiscal year 2006-2007 has been approved and the City will provide funding to the following organizations to preserve the supply of emergency and transitional housing: Serving People In Need (SPIN), WISEPlace, and Mercy House. The following organization has been funded to assist homeless battered women and children: WISEPlace

5.1.2	Cooperate with the Orange County Housing Authority to pursue establishment of a Senior/Disabled or Limited Income Repair Loan and Grant Program to underwrite all or part of the cost of necessary housing modifications and repairs. Cooperation with the Orange County Housing Authority will include continuing City of Newport Beach participation in the Orange County Continuum of Care and continuing to provide CDBG funding. (Imp 14.3)	The City will conduct an analysis of different programs and the financial feasibility or participating in such programs.
5.1.3	Permit, where appropriate, development of "granny" units in single-family areas of the City.	On-going Code Amendment No. 2003- 001 (PA2003-054) was approved by City Council on May 13, 2003 to grant the Planning Director authority to approve use permits for accessory dwelling units.
5.1.4	Consistent with development standards in residential and commercial areas, permit emergency shelters and transitional housing under group housing provisions in its Zoning Code.	On-going Emergency shelters and transitional housing are monitored for compliance with the development standards regulations contained in the Zoning Code.
5.1.5	Work with the City of Santa Ana to provide recommendations for the allocation of HUD Housing Opportunities for Persons with AIDS (HOPWA) funds within Orange County)	On-going On February 9, 2005, the City participated in the 2005 HOPWA Strategy Meeting hosted by the City of Santa Ana, to provide recommendations for the allocation of HOPWA funds for the 2005 program year. As the most populous city in Orange County, the City of Santa Ana receives HOPWA

		funding from HUD on behalf of the entire County. Authorized uses of these funds include: acquisition, rehabilitation, conversion, or lease of facilities to provide short-term shelter, new construction, project or tenant based rental assistance, short term rent and utility payments, and supportive services. Should the City wish to partner in the acquisition, development, or rehabilitation of affordable housing for persons with HIV/AIDS, the City may request funding at future HOPWA Strategy meetings.
5.1.6	Maintain a list of "Public and Private Resources Available for Housing and Community Development Activities."	Pending City staff will work to develop and maintain a list of resources that are available for housing and community development activities

GOAL H6		
PROGRAM	Goal	STATUS
6.1.1	Contract with an appropriate fair housing service agency for the provision of fair housing services for Newport Beach residents. The City will also work with the fair housing service agency to assist with the periodic update of the Analysis of Impediments to Fair Housing document required by HUD. The City will continue to provide pamphlets containing information related to fair housing at the Planning Department counter.	On-going The City contracts with the OC Fair Housing Authority annually. The Regional Fair Housing Impediments Analysis was completed in 2000. Pamphlets containing information of Fair Housing and Dispute Resolution Services are available at the public counter.
6.1.2	Support fair housing opportunities by using Community Development Block Grant funds whenever necessary to enact federal, state, and City fair housing policies.	On-going For the 2006-2007 Fiscal Year, Newport Beach allocated \$13,362 in CDBG funding to the Fair Housing Council of Orange County to assist the City in furthering fair housing through education, landlord/tenant counseling, and legal action when necessary.

GOAL H7		
Program	GOAL	STATUS
7.1.1	As part of its annual General Plan Review, the City shall report on the	On-going
	status of all housing programs. The	Consistent with State
	portion of the Annual Report	Housing Element Law, the
	discussing Housing Programs is to be	City prepares an Annual
	distributed to the California	Housing Element Progress
	Department of Housing and	Report for submission to
	Community Development in	HCD.
	accordance with California State Law.	

C. MITIGATING GOVERNMENTAL CONSTRAINTS

As part of the City's 2006 General Plan Update, an implementation program was created to identify a principal set of actions and procedures necessary to carry out the goals and policies of the General Plan. The plan contains a number of implementation programs aimed at facilitating the production of a variety of housing types for all income levels. These programs focus on the removal of barriers to the production of housing and include code changes to facilitate the development of affordable housing, development of an affordable housing ordinance, fee waivers and expedited processing for affordable housing projects, and other incentives that promote housing development.

A significant part of the recent General Plan update focused identifying areas of the City where additional housing could be located in order to accommodate the City's fair share of regional population growth. As a result of the General Plan Update, opportunities for residential development were created in a number of the City including Newport Center and the Airport Area. The City is in the process of updating its zoning code to reflect these changes in the General Plan. Rezoning of these areas will facilitate the infusion of new housing into these areas, consistent with the goals of the General Plan Update.